



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

October 15, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**THREE-YEAR RE-LEASE
DEPARTMENT OF MENTAL HEALTH
5321 VIA MARISOL, LOS ANGELES
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the attached three-year re-lease with Mar-Mont Partners, Lessor, for 9,135 rentable square feet of office and clinic space and 18 parking spaces for the Department of Mental Health (DMH) Northeast Los Angeles Family Mental Health Center at 5321 Via Marisol, Los Angeles. The maximum initial annual cost of this lease is \$156,757, which will be 100% funded by State and Federal sources.
2. Find that the proposed lease is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.
3. Approve the project and authorize the CAO and DMH to implement the project. The lease will become effective upon approval by your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to replace the current month-to-month tenancy with a new three-year lease which is intended to be a short-term solution until a replacement facility is identified. A new larger facility is needed to accommodate the program's recent growth. This program has been allocated 10,500 square feet via the Space Request Evaluation (SRE) process, which is approximately 1,400 square feet more than they currently occupy.

Board of Supervisors

GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District



United We Stand

DMH would like to continue housing its Family Mental Health Center, which includes 40 full time employees, at the subject facility until a viable 10,500 square foot replacement facility with sufficient parking is identified. DMH and CAO Real Estate staff are continuing to work together to identify a replacement facility.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). The proposed lease will house State and Federally funded programs in leased space as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The initial annual rent of this lease will be \$156,757. The rent will be subject to an annual adjustment based on the Consumer Price Index not to exceed four percent.

5321 Via Marisol	Existing Lease	Re-Lease	Change
Area	9,135 sq. ft.	9,135 sq. ft.	None
Term	12/14/93 - 12/13/01 Month-to-month since 12/14/01	3 years	Additional 3 years
Annual Base Rent	\$115,101 (\$12.60/sq.ft.)	\$156,757 (\$17.16/sq.ft.)	\$41,656*
TI Allowance	None	None	None
Maximum Annual Rent	\$115,101	\$156,757	\$41,656
Option to Renew	None	One 3-year option.	One 3-year option
Cancellation	Anytime after 3 rd year upon 60 days notice	Anytime after 2 nd year upon 90 days notice	After 2 nd year
Parking Included in Rent	18 spaces	18 spaces	None

* Pursuant to the existing lease, the County pays for the utilities and reimburses the lessor for property taxes. The proposed lease transfers these obligations back to the lessor.

The Honorable Board of Supervisors
October 15, 2002
Page 3

Sufficient funding for the proposed lease is included in the 2002-03 Rent Expense Budget and will be charged back to DMH. Sufficient funding is available in DMH's 2002-03 operating budget to cover the projected lease costs.

The lease costs are funded through a combination of Federal and State funds including Sales Tax Realignment Revenue. Therefore, the entire cost associated with the subject lease will have no net County cost impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Family Mental Health Center currently provides crisis intervention, case management, rehabilitation, life support, community outreach, individual and group therapy services at the subject facility. The proposed three-year lease contains the following provisions:

- The term commences upon approval by your Board and terminates three years thereafter.
- The lease is a split service agreement whereby the County will be responsible for all janitorial expenses and the Lessor will be responsible for all remaining operating and maintenance expenses.
- The lease may be cancelled at or anytime after the second year upon providing the Lessor with 90 days prior written notice.
- The County has the option to renew for a period of three years at the same terms, conditions and rental rate, subject to Board approval.
- The Lessor will provide 18 parking spaces included in the rental rate. Additional street parking is available to accommodate staff, clients and visitors.

The Honorable Board of Supervisors
October 15, 2002
Page 4

CAO Real Estate staff surveyed the Northeast Los Angeles area as specified by DMH to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed areas that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search areas for these programs. There are no County-owned or leased facilities available for this program.

Based upon a survey of similar properties within the specified area, staff has determined that the base rental range including parking is between \$16.20 and \$19.20 per square foot per year, split service gross. Thus, the base annual rent of the proposed lease, at \$17.16 per square foot, represents a rental rate within the market range.

The proposed lease has been administratively reviewed and approved by your Board's appointed Real Estate Management Commission.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy.

The leased area is too small to accommodate a child care center. Additionally, the placement of a child care facility at or in close proximity to a mental health outpatient clinic could be problematic.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

The Honorable Board of Supervisors
October 15, 2002
Page 5

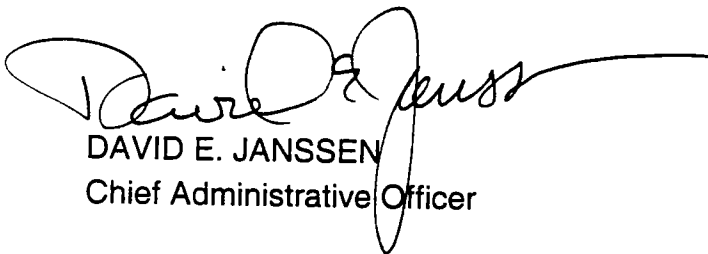
IMPACT ON CURRENT SERVICES (OR PROJECTS)

While we agree that the current facility does not provide sufficient space for the long term needs of this program, the CAO will continue to work with DMH to identify a replacement. It is the finding of the CAO that the proposed lease is in the best interests of the County and will provide adequate space to meet this County requirement in the short term. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three original copies of the executed Lease, and three certified copies of the Minute Order, and the adopted, stamped Board letter to the CAO Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:KW:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Department of Mental Health

**DEPARTMENT OF MENTAL HEALTH
NORTHEAST LOS ANGELES FAMILY MENTAL HEALTH CENTER
5321 VIA MARISOL, LOS ANGELES**

Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² The Center is operated as a stand alone function.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sf of space per person? ² Lease meets guideline of 250 sq. ft. per person for clinic space. (9,135 sf/40 fte = 228 sq. ft. per fte)		X	
2.	Capital				
	A	Should program be in leased space to maximize State/Federal funding?		X	
	B	If not, is this a long term County program?	X		
	C	Is it a net County cost (NCC) program? 0%		X	
	D	If yes to 2 B or C; capital lease or operating lease with an option?		X	
	E	If no, are there any suitable County-owned facilities available?		X	
	F	If yes, why is lease being recommended over occupancy in County-owned ?			X
	G	Is Building Description Report attached as Attachment B?	X		
	H	Was build-to-suit or capital project considered? Project is too small to warrant build-to-suit or capital project.		X	
3.	Portfolio Management				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal, was co-location with other County departments considered ?	X		
	D	Why was this program not co-located?			
		1. The program clientele requires a "stand alone" facility.			
		2. X No suitable County occupied properties in project area.			
		3. X No County-owned facilities available for the project.			
		4. Could not get City clearance or approval.			
		5. The Program is being co-located.			
	E	Is lease a full service lease? Lessor is unwilling to provide janitorial service..		X	
	F	Has growth projection been considered in space request? But we are unable to accommodate growth in the current facility	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			
		² If not, why not?			

Please **bold** any written responses

**DEPARTMENT OF MENTAL HEALTH
5321 VIA MARISOL, LOS ANGELES**

SPACE SEARCH - NORTHEAST LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAILABLE
T544	MED CENTER-QAUR BUILDING	1200 NORTH STATE STREET, LOS ANGELES 90033	4,334	3,629	OWNED	0
T546	MED CENTER-PATIENT FINANCIAL SERVICES OFFICE T-16	1240 NORTH MISSION ROAD, LOS ANGELES 90033	5,190	4,095	OWNED	0
T547	MED CENTER-PATIENT FINANCIAL SERVICES OFFICE T-15	1240 NORTH MISSION ROAD, LOS ANGELES 90033	2,588	1,967	OWNED	0
T555	MED CENTER-PATIENT FINANCIAL SERVICES OFFICE T-17	1200 NORTH STATE STREET, LOS ANGELES 90033	4,661	3,482	OWNED	0
T556	MED CENTER-PATIENT FINANCIAL SERVICES OFFICE TRAILER	1200 NORTH STATE STREET, LOS ANGELES 90033	2,973	2,461	OWNED	0
T618	MED CENTER-REPLACEMENT PROJECT OFFICE	1200 NORTH STATE STREET, LOS ANGELES 90033	944	785	OWNED	0
T619	MED CENTER-RESEARCH COMMITTEE TRAILER T-25	1200 NORTH STATE STREET, LOS ANGELES 90033	820	702	OWNED	0
T620	MED CENTER-CLINICAL SOCIAL WORK TRAILER T-18	1200 NORTH STATE STREET, LOS ANGELES 90033	1,200	1,049	OWNED	0
3100	EASTLAKE JUVENILE COURTHOUSE	1601 EASTLAKE AVENUE, LOS ANGELES 90033	47,379	26,024	OWNED	0
5805	MENTAL HEALTH COURTHOUSE	1150 NORTH SAN FERNANDO ROAD, LOS ANGELES 90065	28,523	16,817	OWNED	0
C760	DPSS-EAST LA GROW CENTER	2200 NORTH HUMBOLDT STREET, LOS ANGELES 90031	23,655	17,554	LEASED	0
C269	DPSS-LINCOLN HEIGHTS DISTRICT OFFICE	4077 NORTH MISSION ROAD, LOS ANGELES 90032	26,094	18,575	LEASED	0
C111	MED CENTER - EXPENDITURE MANAGEMENT ANNEX	1063 NORTH CHICAGO STREET, LOS ANGELES 90033	3,338	1,823	LEASED	0
C110	MED CENTER - EXPENDITURE MANAGEMENT	2064 MARENGO STREET, LOS ANGELES 90033	9,602	7,010	LEASED	0
4799	PUBLIC WORKS CENTRAL YARD	1525 ALCAZAR STREET, LOS ANGELES 90033	10,438	7,224	OWNED	0
3102	JUVENILE HALL ADMIN BUILDING	1605 EASTLAKE AVENUE, LOS ANGELES 90033	75,907	33,945	OWNED	0
T543	MED CENTER-RESEARCH COMMITTEE TRAILER	1200 NORTH STATE STREET, LOS ANGELES 90033	384	330	OWNED	0
T542	MED CENTER-PATIENT FINANCIAL SERVICES T-5	1200 NORTH STATE STREET, LOS ANGELES 90033	10,512	7,872	OWNED	0
T541	MED CENTER-HOME CARE TRAILER	1200 NORTH STATE STREET, LOS ANGELES 90033	1,376	1,223	OWNED	0

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAILABLE
X294	PUBLIC WORKS CENTRAL YARD SHOP AREA	2275 ALCAZAR STREET, LOS ANGELES 90033	1,400	1,260	OWNED	0
C863	MED CENTER - PATIENT FINANCIAL SERVICES OFFICE	1910 NORTH MAIN STREET, LOS ANGELES 90031	13,610	8,919	LEASED	0
5260	CORONER-ADMIN / INVESTIGATIONS BUILDING	1102 NORTH MISSION ROAD, LOS ANGELES 90033	22,479	14,251	OWNED	0
6483	MED CENTER - MASONRY SHOP	1739 GRIFFIN AVENUE, LOS ANGELES 90031	1,040	950	OWNED	0
X333	JUVENILE COURT HEALTH SERVICES	1925 DALY STREET, LOS ANGELES 90031	16,878	6,668	OWNED	0
0135	MED CENTER - GARDENER'S BUILDING	1200 NORTH STATE STREET, LOS ANGELES 90033	612	530	OWNED	0
0284	MED CENTER - HEALTH RESEARCH TRAILER	1200 NORTH STATE STREET, LOS ANGELES 90033	1,200	1,000	OWNED	0
0837	MED CENTER - PERSONNEL BUILDING	1200 NORTH STATE STREET, LOS ANGELES 90033	2,980	1,761	OWNED	0
0838	MED CENTER - QAUR BUILDING	1200 NORTH STATE STREET, LOS ANGELES 90033	2,980	2,341	OWNED	0
5699	MED CENTER-CHAPLAIN'S CENTER	1200 NORTH STATE STREET, LOS ANGELES 90033	1,940	1,454	OWNED	0
4946	MED CENTER-INTERNS BUILDING	2020 ZONAL AVENUE, LOS ANGELES 90033	142,448	79,494	OWNED	0
T066	MED CENTER-MENTAL HEALTH CLINIC	2020 ZONAL AVENUE, LOS ANGELES 90033	1,225	1,103	OWNED	0
T539	MED CENTER-CLINICAL RESEARCH TRAILER	1200 NORTH STATE STREET, LOS ANGELES 90033	780	672	OWNED	0

INDEX

PAGE

1.	<u>DESCRIPTION OF PREMISES</u>	2
2.	<u>TERM</u>	2
3.	<u>RENT</u>	2
4.	<u>USE</u>	2
5.	<u>CANCELLATION</u>	2
6.	<u>HOLDOVER</u>	3
7.	<u>DAMAGE OR DESTRUCTION</u>	3
8.	<u>TENANT'S FIXTURES</u>	3
9.	<u>REPAIR, MAINTENANCE AND REPLACEMENT</u>	3
10.	<u>UTILITIES</u>	4
11.	<u>LESSOR'S ACCESS</u>	4
12.	<u>DEFAULT</u>	4
13.	<u>ASSIGNMENT SUBLETTING</u>	5
14.	<u>ALTERATIONS</u>	6
15.	<u>NOTICES</u>	6
16.	<u>CONDEMNATION</u>	6
17.	<u>INDEMNIFICATION AND INSURANCE REQUIREMENTS</u>	7
18.	<u>TAXES</u>	9
19.	<u>BINDING ON SUCCESSORS</u>	9
20.	<u>PARKING SPACES</u>	9
21.	<u>HAZARDOUS MATERIALS</u>	9
22.	<u>GENERAL PROVISIONS</u>	11
23.	<u>WARRANTY OF AUTHORITY</u>	12
24.	<u>ESTOPPEL CERTIFICATE</u>	13
25.	<u>RENTAL ADJUSTMENTS</u>	13
26.	<u>ASSIGNMENT BY LESSOR</u>	14
27.	<u>CONSIDERATION OF GAIN PROGRAM PARTICIPANTS</u>	14
28.	<u>SOLICITATION OF CONSIDERATION</u>	14
29.	<u>LIMITATION OF AUTHORITY</u>	15
30.	<u>IRREVOCABLE OFFER</u>	15
	<u>EXHIBIT A – COMMUNITY BUSINESS ENTERPRISE FORM</u>	17
	<u>EXHIBIT B – MEMORANDUM OF LEASE</u>	18
	<u>EXHIBIT C – TENANT ESTOPPEL CERTIFICATE</u>	19

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

THIS LEASE AND AGREEMENT, made and entered into in duplicate original this ____ day of _____, 2002, by and between Mar-Mont Partners, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee,

WITNESSETH:

1. **DESCRIPTION OF PREMISES:**

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 5321 Via Marisol, Los Angeles, in the County of Los Angeles, State of California, currently assessed by the Los Angeles County Assessor as A.P.N. 5301-011-034.

The Premises shall consist of approximately 9,135 rentable square feet and 18 parking spaces. Lessor represents that 9,135 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

2. **TERM:**

A. Original Term:

The term of this Lease shall be for a period of Three (3) years beginning upon execution of this Lease by the County Board of Supervisors, and ending Three (3) years thereafter. This Lease shall replace and supersede the previous County Lease No. 44516.

B. Option to Renew

Lessee shall have the option to renew this Lease for a period of Three (3) years under the same terms, conditions, and rental rate prevailing under this Lease. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than sixty (60) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

3. **RENT:**

The Lessee hereby agrees to pay as rent for said demised Premises during the term the sum of Thirteen Thousand Sixty Three and 5/100 Dollars (\$13,063.05) per month i.e. \$1.43 per rentable square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be subject to adjustment pursuant to Paragraph 25 herein and payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

4. **USE:**

Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Lessee as office and clinic space for the Department of Mental Health and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire.

5. **CANCELLATION:**

Lessee shall have the right to cancel this Lease at or any time after the 24th month of the Lease term by giving Lessor not less than ninety (90) days prior written notice by Chief Administrative Office letter.


INITIAL

6. **HOLDOVER:**

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

7. **DAMAGE OR DESTRUCTION:**

Lessor agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee's sole discretion, then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of net area of the improvements Premises, then Lessor shall commence the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net area of the improvement Premises, then Lessee shall have the right at its sole discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Agreement, or to cause Lessor to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the leased Premises rendered unusable to Lessee bears to the whole rentable thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

8. **TENANT'S FIXTURES:**

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority.

9. **REPAIR, MAINTENANCE AND REPLACEMENT:**

A. **This Lease is a split service lease:**

Therefore, Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire interior and exterior of the Premises. Lessor's responsibility shall include but not be limited to exposed plumbing, fire sprinklers (if applicable), windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping, and provision of adequate lighting, as applicable) and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, elevators (including elevator hydraulic system, and casing for elevator ram), stairways, concealed electrical systems, telephone intrabuilding network cable (INC), and heating, ventilating and air conditioning system and fire sprinklers (if applicable).

Lessee shall be responsible for the remainder of the Premises, which shall include maintaining sewer services, trash removal, lamps, tubes, janitorial and restroom supplies and janitorial services.

B. Failure to Repair:

In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Paragraph 9A herein within five (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

C. Return of Premises:

Lessee agrees to return said Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty, excepted.

D. Replacement:

In the event that items specified in Paragraph 9A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

10. UTILITIES:

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

Lessee acknowledges that air conditioning services will be available only during the Building's normal operating hours of 8:00 a.m. to 6:00 p.m. on Mondays through Fridays and 9:00 a.m. to 1:00 p.m. on Saturdays. Lessor shall avail, upon at least 24 hour advance notice, air conditioning services beyond normal operating hours, provided the notice has been submitted by an authorized agent of Lessee. In such an event, Lessor shall bill Lessee for after hours HVAC services at the rate of Thirty Five Dollars (\$35) per hour.

11. LESSOR'S ACCESS:

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. DEFAULT:

A. Default by Lessee:

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

B. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter specified period pursuant to Paragraphs 7, 9, 16, 17, 21 and 22) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

C. Request for Notice of Default

Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Section 15 of this lease.

D. Receipt of Notice

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of: The date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.

1. The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
2. Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. ASSIGNMENT SUBLETTING:

Lessee shall have the right to assign this lease or sub-lease the Premises to another Government Agency so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sub-lessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed. Lessee agrees to notify Lessor of any change in tenancy.


INITIAL

14. **ALTERATIONS:**

Lessor and Lessee agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Lessee may make non-structural alterations without Lessor's prior written consent.

Any alterations installed by Lessee which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement.

15. **NOTICES:**

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service. Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Mar-Mont Partners
10637 Wilkins Avenue #1
Los Angeles, CA 90024
Attention: Sol Shye

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

With a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

16. **CONDEMNATION:**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of,

Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee with up to Eighteen (18) exclusive off-street in-and-out parking spaces within five hundred (500) feet of the demised Premises. Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a up to Eighteen (18) spaces at all times shall entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation.

17. **INDEMNIFICATION AND INSURANCE REQUIREMENTS:**

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

A. **Indemnification:**

Each party shall indemnify and hold harmless to other party, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with such party's negligence, omissions, or willful misconduct.

B. **Waiver:**

Both the Lessee and Lessor each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

C. **General Insurance - Lessor Requirements:**

Without limiting Lessor's indemnification of Lessee and during the term of this Lease, Lessor shall provide and maintain the programs of insurance set forth in Paragraph 17. D., Insurance Coverage Types and Limits - Lessor Requirements. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Lessee, and such coverage shall be provided and maintained at Lessor's own expense.

1. **Evidence of Insurance.**

Certificate(s) or other evidence of coverage satisfactory to Lessee shall be delivered to the Chief Administrative Office, Real Estate Division, 222 S. Hill Street, 4th floor, Los Angeles, CA 90012 Attn: Director of Real Estate upon execution of this Lease. Such certificates or other evidence shall:

Specifically identify this Lease. Clearly evidence all coverages required in this Lease.

- a. Contain the express condition that Lessee is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.

- b. Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Lessee as an additional insured.
- c. Identify any deductibles or self-insured retentions exceeding \$25,000.

2. **Review of Insurance Requirements:**

The types of insurance and limits required under this Lease shall be reviewed annually by the Lessor or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Lessee's approval. Insurance is to be provided by an insurance company acceptable to Lessee with an A.M. Best rating of not less than A:VII, unless otherwise approved by Lessee.

D. **Failure to Maintain Coverage**

Failure by either party to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the other party shall constitute a material breach of the Lease.

1. **Insurance Coverage Types and Limits - Lessor Requirements:**

General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$ ⁴ million	875
Products/Complete Operations Aggregate:	\$ 1 million	
Personal and Advertising Injury:	\$ 1 million	
Each Occurrence:	\$ 2 million	

2. **Commercial Property insurance. Such insurance shall:**

- a. Cover damage to Lessor's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.
- b. Be written for the full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Lessor and be utilized for repair and restoration of the Premises. Failure by Lessor to use such insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease pursuant to Paragraph 12B, Default by Lessor.
- c. Include a Waiver of Subrogation in favor of Lessee.

E. **General Insurance - Lessee Requirements:**

During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request and every year thereafter at least thirty (30) days before the policy expiration.

F. **Insurance Coverage Types and Limits - Lessee Requirements:**

- 1. General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Lessor shall be named as an Additional Insured (or its equivalent) on all of the above policies.

- G. **Workers Compensation and Employers' Liability insurance** providing workers compensation benefits as required by the Labor Code of the State of California, and including Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

18. **TAXES:**

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all of the taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent.

19. **BINDING ON SUCCESSORS:**

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.

20. **PARKING SPACES:**

Lessor at its sole cost and expense shall provide for the exclusive use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, up to Eighteen (18) unreserved parking spaces located at the on-site parking garage. No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County policy.

Lessor shall use his best effort to provide Lessee with up to Eighteen (18) exclusive spaces at all times. If Lessor provides less than Eighteen (18) spaces Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide up to Eighteen (18) spaces at all times shall entitle Lessee to cancel this Lease and Agreement by giving Lessor fifteen (15) days advance written notice of such cancellation.

21. **HAZARDOUS MATERIALS:**


A. **Definition:**

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

B. **Warranties and Representations:**

1. Lessor hereby warrants and represents based upon appropriate and reasonable inspection that during its ownership of the Premises, hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulation.

2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.
- C. **Notice:**
Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.
- D. **Indemnity:**
1. Lessor agrees to indemnify and save harmless Lessee, its agents, officers and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises in violation of applicable laws which has been caused by Lessor.
 2. Lessee agrees to indemnify and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.
 3. The indemnity provided each party by this provision shall survive the termination of this Lease.
- E. **Default:**
The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.
- F. **Operating Costs:**
Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.
- G. **Asbestos Notification:**
Lessor agrees, prior to the commencement of this Lease, to provide Lessee with an asbestos report, based upon a professional inspection of the subject Premises conducted by a licensed California Asbestos Contractor. Lessor agrees, prior to the commencement of this Lease, to abate, at Lessor's sole cost and expense, all asbestos containing materials, if any, and provide Lessee with an updated report from a licensed California Asbestos Contractor to that effect.
- Lessor agrees to notify Lessee at least annually of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.
- H. **Indoor Air Pollution Notification:**
Lessor represents and warrants that (a) there have been no complaints regarding the indoor air quality anywhere in the building or in the HVAC system; (b) Lessor will deliver to Lessee copies of any such complaints received; (c) to the best of Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and (d) Lessor will notify Lessee if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at his Lessor's sole cost and expense.


INITIAL

22. **GENERAL PROVISIONS:**

A. **Waiver**

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. **Marginal Headings**

The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.

C. **Time**

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. **Recordation**

This lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "B". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Lessee's expense.

Lessee shall, within thirty (30) days of the lease termination, upon Lessor's request, execute and deliver to Lessor a quitclaim deed to the Premises, in recordable form, designating Lessor as Transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.

E. **Quiet Possession**

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. **Prior Agreements**

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

G. **Force Majeure**

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. **Separability**

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

I. **Cumulative Remedies**

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. **Choice of Law**

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. **Warranties or Guarantees**

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

L. **Impairment of Title**

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

M. **Construction**

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

N. **Community Business Enterprise**

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term. Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information form attached hereto as Exhibit "A", at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Lease and Agreement.

O. **Interpretation**

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee, pursuant to the laws of the State of California.

P. **Lobbyists**

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

23. **WARRANTY OF AUTHORITY:**

Each of the undersigned signatories for the lessor hereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.



24. **ESTOPPEL CERTIFICATE:**

Either party shall at any time upon not less than thirty (30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing in the form of the attached Exhibit "C" (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

25. **RENTAL ADJUSTMENTS:**

A. **Adjustment Period**

For each successive twelve (12) months of the original term of this Lease, the monthly Base Rental as set forth in Paragraph 3 shall be subject to adjustment. At the first anniversary date of the first day of the first full calendar month following the commencement of this lease and every twelve months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth below in Paragraph 25B. The "Base Index" shall be the Index published in the month the lease commences.

B. **Adjustment Formula**

The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), hereinafter referred to as "Index".

The rental adjustment for the Base Rent shall be calculated by multiplying the Lessor's base rent by a fraction, the numerator being the new Index which is the Index published in the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index which is the Index published for the month the Lease commences. The rental adjustment formula shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times (\$13,063.05) = \text{New Monthly Rent}$$

If the Index is changed so that the Base year of the Index differs from that used as of the commencement date of the lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute Index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to Arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. **General Provisions:**

1. In no event shall the rent adjustment based upon the CPI formula set forth in Paragraph 25B result in an annual increase greater than four percent (4%) per year of the monthly base year rent of \$13,063.05 (i.e. not greater than \$522.52 per month, per annual adjustment).
2. In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

26. **ASSIGNMENT BY LESSOR**

Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subparagraphs B and D below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Paragraph 26 shall be void.

Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.

Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.

Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

Lessor shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this subparagraph E. The provisions of this Paragraph 26 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Paragraph 26 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

27. **CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:**

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

28. **SOLICITATION OF CONSIDERATION:**

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

29. **LIMITATION OF AUTHORITY:**

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

30. **IRREVOCABLE OFFER:**

In consideration for the time and expense that the County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until October 30, 2002.

INITIAL

IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

MAR-MONT PARTNERS

By [Signature]
Name: GEN. PARTNERS
Title:

LESSEE:

COUNTY OF LOS ANGELES

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer
Clerk of the Board of Supervisors

By _____
Chairman, Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By [Signature]
Deputy: Francis E. Scott

Exhibit B - Memorandum of Lease

RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:

Chief Administrative Office
Leasing and Space Management
222 South Hill Street, 4th floor
Los Angeles, CA 90012

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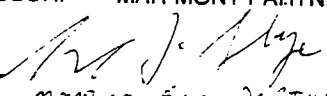
MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between MAR-MONT PARTNERS (the "Lessor"), and the County of Los Angeles, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Lessee") who agree as follows:

Lessor and Lessee have entered into that certain Lease and Agreement dated as of _____, 200__, (the "Lease"). Pursuant to the Lease, the Lessor has leased to the Lessee real property located at 5321 Via Marisol, Los Angeles in the County of Los Angeles, State of California, currently assessed by the County Assessor as A.P.N 5301-011-034, commencing on _____, 2002, and ending on a date 3 years after the rent commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Lessor shall be responsible for providing modified services during the term of the Lease, subject to the terms and conditions of the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

LESSOR: MAR-MONT PARTNERS

By: 
Its: MAR-MONT PARTNERS

Dated: _____, 2002

LESSEE: COUNTY OF LOS ANGELES

Chuck W. West
Director of Real Estate

Dated: _____, 200__

EXHIBIT "A"

COMMUNITY BUSINESS ENTERPRISE FIRM

INSTRUCTIONS: All Licensors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, Licenses will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM NAME
ADDRESS
CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM:

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	
Hispanic/Latin American	_____	_____	
Asian American	_____	_____	
Portuguese American	_____	_____	
American Indian/ Alaskan Native	_____	_____	
All Others	_____	_____	
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: _____ (Corporation, Partnership, Sole
Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: _____

PERCENTAGE OF OWNERSHIP

Black/African American

Hispanic/Latin American

Asian American

Portuguese American

American Indian/
Alaskan Native

All Others

Women (Should be
included in counts
above and also reported
here separately)

Exhibit C - TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn:

Re: Date of Certificate:

Lease Dated:

Current Landlord:

Located at:

Premises:

Commencement Date of Term:

Expiration Date:

Rent:

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

- a. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
- b. A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit:
 - i. The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.
 - ii. Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).
 - iii. Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.
- c. The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.
 - i. To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.
 - ii. The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.
- d. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By:

Name:

Title:

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

Firm Name:

Signed:

Date:

Title: